

GAO

Report to the Chairman, Subcommittee
on Housing and Community
Development, Committee on Banking,
Finance, and Urban Affairs, House of
Representatives

September 1989

PARTNERSHIP PROJECTS

Federal Support for Public-Private Housing and Development Efforts



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Program Evaluation and
Methodology Division

B-236100

September 14, 1989

The Honorable Henry B. Gonzalez
Chairman, Subcommittee on Housing
and Community Development
Committee on Banking, Finance, and
Urban Affairs
House of Representatives

Dear Mr. Chairman:

This fact sheet was prepared in response to your request for information on federal programs that support public-private partnerships in housing and community development. In it, we describe federal programs currently supporting partnerships and, in particular, four characteristics of these programs: (1) purpose, (2) types of assistance, (3) mediating agents, and (4) target populations. We also discuss key questions relating to the status of partnership projects.

Background

The information contained in this fact sheet was gathered through documentary reviews and interviews with agency officials. At the federal level, our primary source was the 1988 edition of the Catalog of Federal Domestic Assistance (CFDA). From this document, we compiled a list of current housing, community development, economic development, and regional development programs. We then interviewed officials at the agencies responsible for these programs to determine which ones had supported local public-private partnership projects. In addition, we assembled descriptions of over 200 local partnership projects and reviewed them for mention of federal program involvement.

What Federal Programs Currently Support Partnership Projects?

We identified 46 federal programs—administered by 9 cabinet-level departments and 7 independent agencies—that support public-private partnerships. The Department of Housing and Urban Development (HUD) administers more of these programs (19) than any other agency. Among these programs, 20 were designed to address housing purposes, 25 community development purposes, and 1 both types of purpose.

What Types of Support and Mediating Agents Do These Programs Employ?

More of these programs (15) use project grants to support partnership projects than use any other type of assistance. Other common forms of federal aid include formula grants, loan guarantees, and technical or advisory services.

Over half (30) of these programs use state and local governments as mediating agents. A mediating agent is an entity that can apply for assistance under the regulations governing a federal program. Other mediating agents used in these programs include nonprofit organizations, Native American tribal organizations, financial institutions, and property owners or developers.

What Are the Target Populations of These Programs?

The major target population units of the programs we identified are families or individuals (22 programs) and communities (17 programs). The most common characteristics of the target populations are low income (17 programs) and moderate income (10 programs).

What Are the Key Questions Relating to the Status of Public-Private Partnership Projects?

We also identified five key questions relating to the status of public-private partnership projects in housing and community development. These questions concern (1) the total number of housing and community development partnership projects across the United States, (2) the amount of federal money appropriated to support these partnership projects, (3) how well the federal government is monitoring its investment in these projects, (4) the strengths and limitations of the various types of organizational structures the projects employ, and (5) the extent to which the partnership projects are successful in reaching their goals.

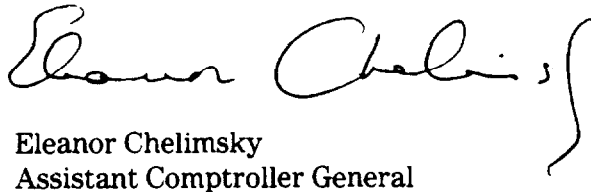
Data Limitations

In general, we found that the data needed to answer these questions were not readily available. A census of partnership projects in housing and community development has not been constructed, and information on appropriations does not specifically identify funds spent for partnership projects. A systematic analysis of federal efforts to monitor partnership projects has yet to be done. While we were able to identify examples of various organizational structures used for partnership projects, we found no conclusive information on the frequency with which different structures are used or the relative success of different structures. Finally, we found that no overall framework for assessing the degree of success of partnership projects has been developed. In

addition, the evaluation studies we identified used different criteria, and the evidence they presented was usually based on anecdotal information rather than systematic analysis.

We have incorporated the informal comments we received from HUD into this fact sheet. As agreed with your office, copies of the fact sheet will be made available to HUD and others upon request. If you have any questions or would like additional information, please call Lois-ellin Datta, Director of Program Evaluation in Human Services Areas (202-275-1370), under whose direction this fact sheet was prepared. Other major contributors are listed in appendix IV.

Sincerely yours,


Eleanor Chelimsky
Assistant Comptroller General

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Abbreviations

CDBG	Community Development Block Grant
CFDA	<u>Catalog of Federal Domestic Assistance</u>
CSBG	Community Services Block Grant
EDA	Economic Development Administration
Fannie Mae	Federal National Mortgage Association
GAO	General Accounting Office
HUD	Department of Housing and Urban Development
LISC	Local Initiatives Support Corporation
NHS	Neighborhood Housing Services
UDAG	Urban Development Action Grant

Introduction

In Baltimore, a declining downtown area with a deteriorating harbor was transformed with federal assistance into a bustling commercial, residential, and tourist area. In Los Angeles, a public-private partnership acquired and renovated a \$2.2 million hotel in order to provide full services to homeless and indigent individuals, including a mental health clinic and transitional housing for 600 persons. And in Boston, with federal support, an economic development corporation renovated a former military building, transforming it into a haven for industry and thereby creating a number of jobs that helped revitalize Boston's Chinatown and South End neighborhoods. These, as well as numerous others, are examples of projects carried out by public-private partnerships.

As the federal budget deficit has mounted in recent years, there has been a growing interest in public-private partnerships as a vehicle for both limiting federal expenditures and leveraging federal funds. In particular, these partnerships have been seen as a way to combat growing economic and urban problems and maintain needed housing and community development programs. For example, Secretary Kemp of HUD has emphasized public-private partnerships as a way to address housing and community development problems in a constrained fiscal environment. In addition, H.R. 1180, the Housing and Community Development Act of 1989, was introduced in this session of the Congress to address problems caused by reductions in federal housing assistance to low and moderate income families. Title III of this bill, known as the Community Housing Partnership Act, proposes to develop and rehabilitate housing stock by supporting partnerships between the private nonprofit sector and state and local governments.

This fact sheet identifies four major characteristics that describe the diversity of local partnership projects and the federal programs that support them. These characteristics are purpose, types of assistance, mediating agents, and target population. We selected these characteristics because they seem to encompass the major categories used to describe partnerships, are related to the potential for success of the partnerships, and are subject to legislation. Our findings on each characteristic will be reported separately. (Appendix I contains detailed tables that show the characteristics of the federal programs that we identified as supporting public-private partnerships.¹) This fact sheet is the first

¹Most of the programs listed in appendix I are not actively involved in partnerships, but they have provided either financial or nonfinancial support to local partnership projects.

step in a plan to develop a framework for evaluating the success of public-private partnerships in housing and community development. Ultimately, the framework will be used to guide federal oversight of partnerships and the projects they implement.

In addition to the four descriptive characteristics, we identified major issues related to the status of partnerships and framed these issues in the form of five questions:

1. How many public-private partnerships in housing and community development exist across the United States?
2. How many federal dollars are currently appropriated for public-private partnership projects?
3. How well is the federal government monitoring its investment in partnership projects?
4. What types of organizational structures are used, and what are the strengths and limitations of each?
5. How successful are partnerships in reaching their goals, and how can they improve their effectiveness?

This fact sheet summarizes the information that we have been able to obtain on each of the four characteristics and explains why answers to these five key questions are needed to ascertain the status of public-private partnership projects. Appendix II contains a description of our methods. We begin with a definition of public-private partnerships and then provide information on what is known about them. Our work was conducted in accordance with generally accepted government auditing standards.

Definition and Description of Public-Private Partnerships

Definition of Public-Private Partnerships

Public-private partnerships are joint efforts between the public sector and the private for-profit sector or the private nonprofit sector. In contrast to privatization, contracting out, or other arrangements between the public and private sectors, in a partnership the public and private sectors share risks and responsibilities in order to meet critical community needs as defined by the partners. Sharing risks means that both partners could lose resources. This sharing of risks encourages the involvement of the public and private sectors in shared ventures that neither sector would attempt alone. Shared responsibilities include joint decisionmaking by representatives of the different groups that work collaboratively on a project.

This report focuses on federal government support for local public-private partnerships and the projects they implement in housing and community development. As employed here, community development refers specifically to activities directed toward neighborhood revitalization, economic development, and improved community facilities and services.² Federal programs that support infrastructure services alone (that is, those dealing with streets, water, and sewers) are not included.

Descriptive Characteristics of Programs and Projects

We found 46 federal programs administered by 16 federal agencies—including 9 cabinet-level departments and 7 independent agencies—that provide funds or other forms of support to local public-private partnership projects in housing and community development.³ HUD administers more of the programs (19) than any other agency. Although most of the 46 programs that we identified are not specifically oriented toward partnerships, they have been used to support local partnership projects. The programs are listed and described in appendix I.

Purposes of the Programs

The federal programs listed in appendix I fund projects with a variety of housing or community development purposes. Twenty programs assist housing projects, 25 focus on community development projects, and one supports both housing and economic development.⁴ With regard to housing, purposes include rehabilitation, construction, rental assistance, historic preservation, and shelter for the homeless. The category

²HUD. Community Development Programs: State Reports (Washington, D.C.: 1988), p. i.

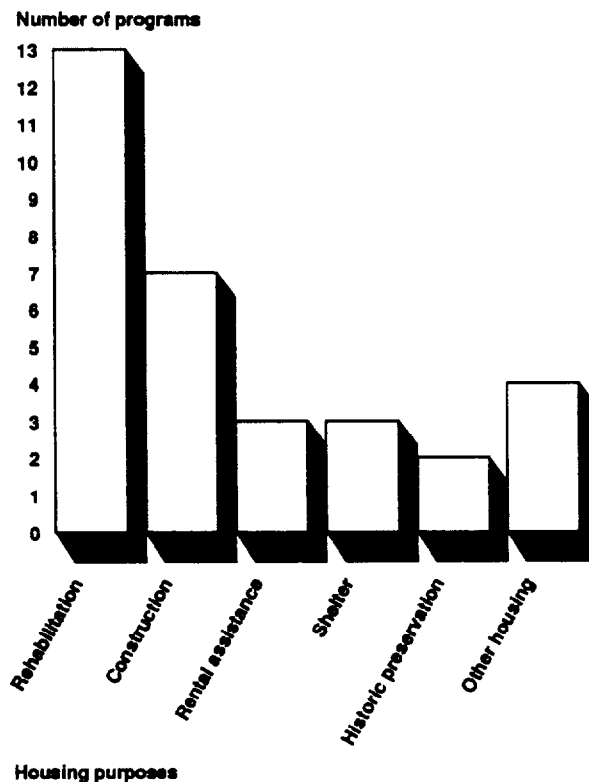
³The partnerships that implemented the projects assisted by these programs may not meet all the criteria of the definition of public-private partnership found in the first paragraph of section 2.

⁴Programs that support housing partnership projects may be somewhat underrepresented because programs listed under general community development may support housing activities as well.

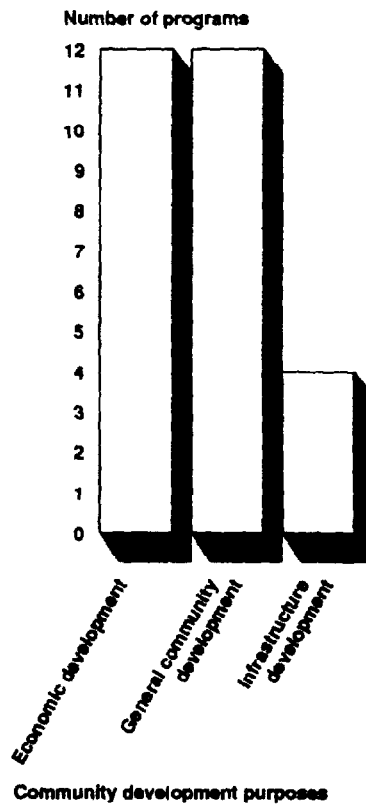
“other housing” includes weatherization and the acquisition of property. Even though most programs focus on one of the housing or community development purposes, a partnership may combine several of these purposes. For example, the Miller Building project in Cleveland rehabilitated a historic apartment building and also provided rental assistance to ensure that the rehabilitated units were affordable for lower-income families. As figure 2.1 indicates, rehabilitation is supported by more federal programs than is any other housing purpose.

With regard to community development, purposes include economic development, infrastructure development, and general community development. General community development refers to programs that have an overall purpose, such as neighborhood revitalization or community development, under which economic development, infrastructure, or housing activities may occur. As figure 2.2 indicates, the most common of the community development purposes supported by federal programs is economic development. Twelve programs, including industrial

Figure 2.1: Purposes of Federal Programs Supporting Housing Partnership Projects



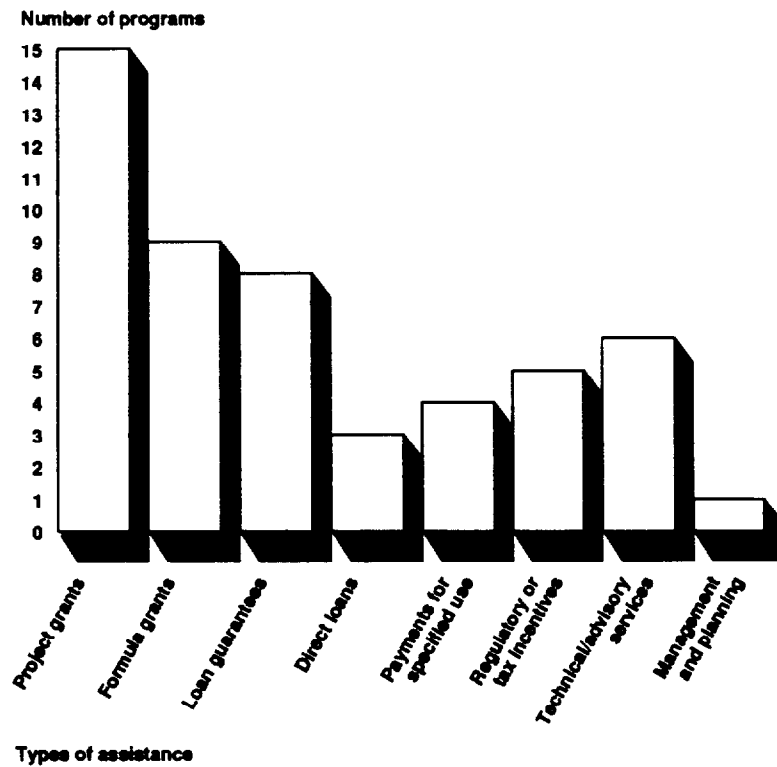
**Figure 2.2: Purposes of Federal
Programs Supporting Community
Development Partnership Projects**



development grants administered by the Department of Agriculture and the programs of the Economic Development Administration (EDA) in the Department of Commerce, are specifically focused on this objective. This subcategory includes activities such as industrial attraction and small business development.

Local community development partnerships may use a variety of these programs to support their projects. One example is the CAN DO project in Hazleton, Pennsylvania. Over a 30-year period, CAN DO has received funds from the Appalachian Regional Commission, EDA, and HUD. CAN DO has developed industrial parks and other income-generating projects in an area that had been suffering from economic decline. Currently, about 30 industries occupy the parks and employ over 3,000 people.

Figure 2.3: Types of Federal Support for Housing and Community Development Partnership Projects



Types of Federal Support for Partnerships

The federal government supports local public-private partnerships through financial and nonfinancial assistance. Financial assistance, such as grants or loans, may be used at the local level to leverage private sector funds, set up revolving loan funds, or acquire property, among other activities. Nonfinancial support includes technical assistance and regulatory incentives.

As figure 2.3 shows, more programs provide assistance through project grants than through any other form of support. Nine programs operate as formula grants in which funds are allocated to state and local governments according to a distribution formula. Eight programs provide loan guarantees that indemnify the lender against part or all of any defaults by those responsible for repaying the loan. Three of the programs provide direct loans. Another form of financial assistance is direct payments for specified use, which is assistance “provided directly to

individuals, private firms, or other private institutions to encourage or subsidize a particular activity by conditioning the receipt of the assistance on a particular performance by the recipient."⁵ In addition, tax incentives, such as the low-income housing tax credit, offer deductions and credits for activities focusing on community development or housing. The federal government may also use, on a case-by-case basis, special set-asides from block grant or categorical programs to support demonstration partnership projects.

In addition to financial support, federal programs offer a variety of non-financial assistance to partnership projects. These programs may enable partnership projects to take advantage of other forms of federal support. For example, the Community Economic Adjustment program in the Department of Defense helps local governments and the private sector adjust to military base closures. This program usually does not provide grant money. Instead, it provides assistance in applying for funds from other federal programs, such as those of the Department of Commerce and HUD devoted to economic development. In Boston, for example, the Community Economic Adjustment program facilitated the renovation and leasing of an 800-thousand-square-foot building, formerly owned by the U.S. Army, for a light industrial center. Almost \$4 million in Community Development Block Grant (CDBG) and Urban Development Action Grant (UDAG) funds were provided to the project.

Federal regulatory policies, program guidelines, and administrative practices can also affect private sector initiatives. For example, the Community Reinvestment Act of 1977 promotes the involvement of financial institutions in neighborhood activities; nationally chartered banks have been encouraged to invest in community development corporations; and HUD has encouraged cities to use their CDBG funds to initiate and fund public-private partnerships.

In addition to the above financial and nonfinancial assistance provided through various federal agencies, the federal government supports public-private partnerships through congressionally chartered private institutions such as the Federal National Mortgage Association (Fannie Mae) and the Neighborhood Reinvestment Corporation.

The mission of Fannie Mae is to provide services that increase the availability and affordability of housing for low-, moderate-, and middle-

⁵General Services Administration, Catalog of Federal Domestic Assistance (Washington, D.C., 1988), p. x.

income Americans. One of the ways in which Fannie Mae has addressed the availability and affordability of housing is through investments in local public-private partnership projects. For example, in Newport, Rhode Island, Fannie Mae has committed to a \$3.1 million equity investment in a project to rehabilitate the Newport YMCA into a housing and service facility for homeless persons. This will enable Fannie Mae to use low-income housing and historic preservation tax credits. Other participants are the Church Community Housing Corporation, the Community Development Training Institute, the City of Newport, and others.

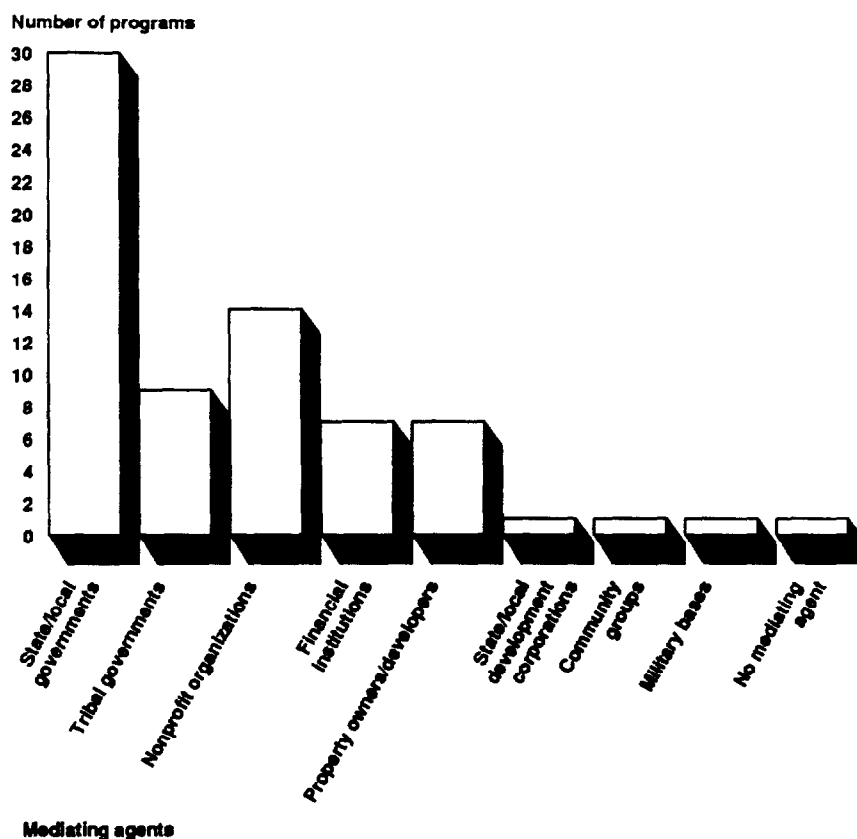
The Neighborhood Reinvestment Corporation, a government-sponsored enterprise, was created by the Congress in 1978 to build and support a nationwide system of local housing partnerships. Each local partnership, called Neighborhood Housing Services (NHS), is both initiated and funded locally. Neighborhood residents hold the majority of seats on the board of directors. NHS operates in 205 neighborhoods in 133 cities. For example, in Aberdeen, Washington, the local NHS entered into partnership with local banks in order to provide low-income families with 100-percent mortgage loans.

Mediating Agents Between Federal Programs and Local Projects

The federal government generally supports partnerships through a mediating agent such as a state or local government or a nonprofit organization. We have defined a mediating agent as the entity that can apply for assistance to support a housing or community development project under the regulations of a federal program. For example, state, local, and tribal governments are eligible to apply for industrial development grants from the Department of Agriculture. Because they can then use these grants in partnership with the private sector, the applicants have mediated federal assistance to the partnership. These agents may also be the implementing organizations that actually address the housing or community development problem. (See figure 2.4)

Over half the federal programs, a total of 30, use state and local governments as mediating agents. Fourteen programs work through nonprofit organizations. Other entities, such as Native American tribal organizations and financial institutions, may mediate between federal programs and local projects. In only one program that we identified, the Pennsylvania Avenue Development Corporation, is the federal government involved directly in a partnership. (This direct involvement may reflect the corporation's unique and specialized role in the development of Pennsylvania Avenue in Washington, D.C.)

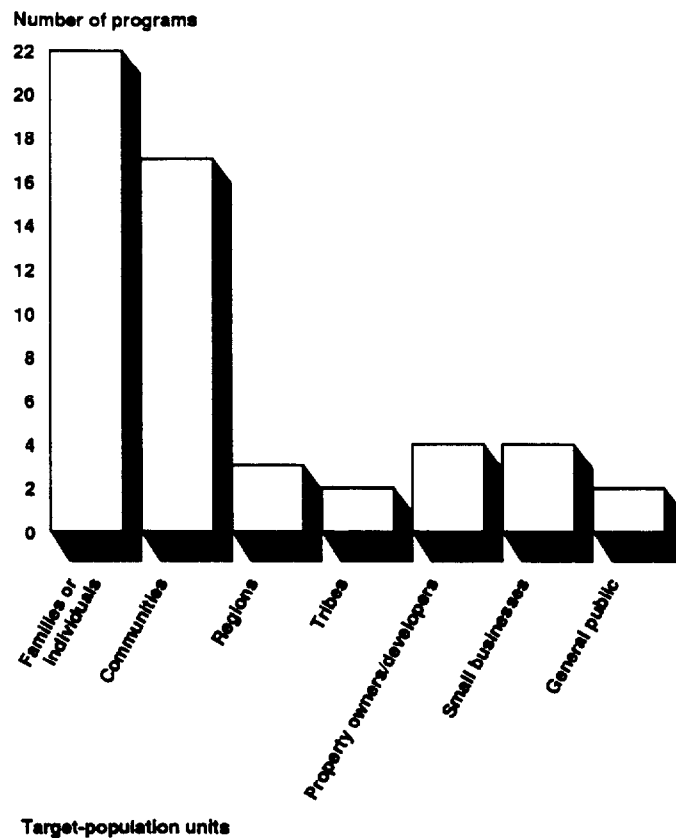
**Figure 2.4: Mediating Agents Used by
Federal Programs Supporting Housing
and Community Development
Partnership Projects**



The Target Population for the Partnership

Figure 2.5 summarizes the different units on which a program might be targeted. Although all the programs listed in appendix I support housing or community development in some way, their target populations vary. For example, Small Business Administration programs are intended to benefit small businesses; the tax credit for historic preservation targets property owners and developers; and HUD programs are intended to serve either individuals and families or communities.

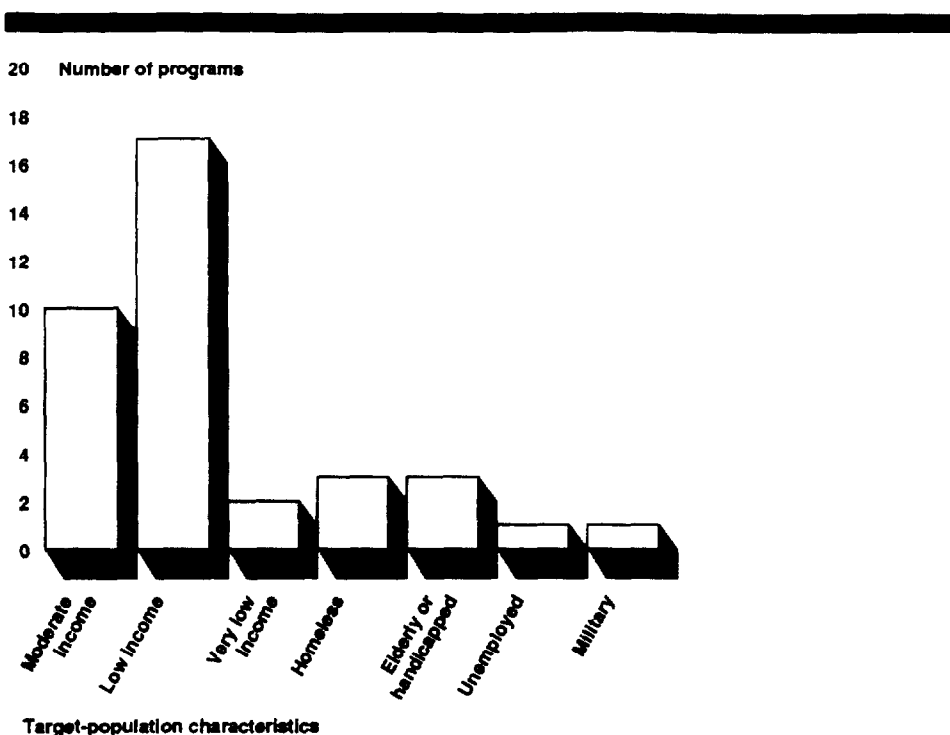
**Figure 2.5: Target-Population Units for
Federal Programs Supporting
Partnership Projects in Housing and
Community Development**



Programs also vary according to the characteristics, such as income level, of the population that they target. (The income level of the individual and family may be specified as very low, low, or moderate.⁶) The majority of programs that specify income level are oriented toward low- and moderate-income individuals or families. (See figure 2.6.) Two programs, the Department of Agriculture's rural housing preservation grants and HUD's lower-income housing assistance, target people whose incomes are very low.

⁶By HUD definition, a very low income family is one whose total family income, adjusted for family size, does not exceed 50 percent of the median family income for the area. A lower-income family may earn up to 80 percent of the median. The definition of moderate income varies from program to program.

**Figure 2.6: Target-Population
Characteristics for Federal Programs
Supporting Partnership Projects in
Housing and Community Development**



The partnership projects that are supported by federal programs must meet federal targeting requirements but may focus more specifically on a particular population. For example, the Franklin Circles Shopping Center project in Minneapolis is intended to develop business opportunities for Native Americans in Minneapolis. While the UDAG grant that supported the project required that the money be allocated to economically distressed areas, the local partnership was specifically concerned with a Native American neighborhood in Minneapolis.

Another illustration of differences in target populations is the partnership between the Historic Pueblo Business Center Association and the City of Pueblo, Colorado. In order to revitalize the Union Avenue Historic Business District, the partnership used Small Business Administration loans to encourage small businesses to locate in newly renovated commercial space. The partnership's target was the neighborhood, while the target of the Small Business Administration program was small businesses.

Section 2
Definition and Description of Public-
Private Partnerships

Because the target populations of federal programs and local projects are not necessarily the same, it may be difficult for federal managers to assess their success in improving conditions for program target populations. While local partnership projects tend to claim success in reaching their target populations, the success of some federal programs in addressing the needs of their target populations has been questioned. For example, HUD reported that, since 1982, 97 percent of the benefits from CDBG states and small cities grants have gone to low- and moderate-income people. However, a 1988 report by HUD's inspector general questioned whether the grants were effective in reaching low- and moderate-income people. This discrepancy highlights the importance of evaluating whether a program improves the conditions of its target population.

Key Questions About Public-Private Partnerships

As noted earlier, we identified five questions that would need to be answered in order to evaluate the status of public-private partnerships in the United States. In a preliminary effort in this report, we sought to determine the availability and accessibility of the data needed to answer these questions.

How Many Public-Private Partnerships in Housing and Community Development Exist Across the United States?

We identified a number of sources of data on programs that fund partnerships as well as projects themselves. In most cases, there was no one source of information on projects as we have defined them. In addition, it would be difficult to obtain information from federal government or private sources that would allow us to estimate the total number of housing and community development partnerships in the United States. Several data bases contain information on some projects, but most of these contain only partial data. Yet such information is vital to the efficient monitoring of existing projects, to the targeting of improvements in existing programs, and to the design of new legislation.

How Many Federal Dollars Are Currently Appropriated for Public-Private Partnership Projects?

Appendix III presents information on the dollar amounts for fiscal year 1988 appropriations and obligations for the 46 federal programs that support public-private partnership projects. These data would be useful in assessing the federal role (in particular, the extent of federal expenditures) in local partnership projects; however, we were unable to determine how much of the budget obligations under each program was allocated to public-private partnerships. In the case of UDAG, in which leveraging from the private sector is required, it can be assumed that all of the obligations, amounting to \$402 million in fiscal year 1988, were used to support some form of housing or community development partnership project. In contrast, an official in the Department of Transportation stated that probably less than 1 percent of the obligations for the capital improvement grants program had gone to public-private partnerships.

For the remaining 44 programs, we did not determine what portion of the obligations went to support partnership projects. In some cases, records on funded projects are kept in state or regional offices. Also, projects may not be identified as partnership projects by federal administrators. As a result, it is difficult to obtain data on the amounts of outlays that go to local partnership projects. This is a data gap that would clearly need to be addressed in evaluating the effectiveness of partnerships as a method for implementing federal housing and community development programs.

How Well Is the Federal Government Monitoring Its Investment in Partnership Projects?

The literature on partnerships revealed little systematic information, from either a federal or local perspective, on the monitoring of public-private partnerships in the housing and community development areas. It would appear that no great emphasis has been placed on federal oversight of resources, given the fact that administrative and fiscal reporting, and other federally imposed requirements, are kept to a minimum in most cases. A great deal of flexibility in the public-private partnership format is permitted, in addition to the ease with which individual community resources may be channeled. A systematic analysis of management operations at the federal level, particularly in relation to specific legislative or regulatory decisions, has yet to be made. Such information could be particularly important for future oversight of the use of federal resources (financial and nonfinancial) to support housing and community development partnership projects.

What Types of Organizational Structures Are Used, and What Are the Strengths and Limitations of Each?

Partners need some kind of framework within which to organize management and financial responsibilities. The approaches that have been used to organize partnerships vary in level of formal structure, type of legal status, public visibility, membership, or other variables. The approaches have ranged from informal working groups to nonprofit or for-profit boards. They have utilized existing institutional mechanisms or created new organizations.

One way in which the federal government can influence the success of public-private partnerships is by encouraging efficient and effective organizational structures. While we were able to identify several ways in which partnership organizations vary, we were not able to locate any conclusive information on how often these different organizational frameworks are used, which types of organizations actually participate in partnerships, or what the relative strengths and limitations of each type are. Various sources of information, such as the Community Information Exchange and the Urban Land Institute, contain partial, anecdotal information on participants, but no attempt has been made to assess the strengths and limitations of different organizational structures. A systematic analysis of management operations could allow federal legislative and regulatory bodies to make better-informed decisions concerning programs that support public-private partnerships.

Whatever the organizational framework, there are a multiplicity of organizations involved in public-private partnerships in housing and

community development. And, the participants in housing and community development partnerships vary widely in type, comprising public, private for-profit, private nonprofit, and quasi-public organizations.

Public agencies that may be involved in partnerships include city governments, county governments, state governments (including housing authorities), and the federal government. An example of county participation is the involvement of the Los Angeles Department of Public Social Services in the Weingart Center partnership. Although the federal government is a frequent participant in these partnership projects, it is usually not directly involved in implementation at the local level. For example, the Federal Emergency Management Agency provided some start-up funding for the Weingart Center but was not involved in actually getting the center operational, raising additional funds, or pulling together all the community agencies.

For-profit private participants may take the form of individual developers, consortia of developers, investor organizations, corporations, or legal, accounting, or architectural firms. For example, the Enterprise Development Company is a commercial real estate developer that makes a profit and has been involved in many partnerships. Its parent company, the Enterprise Foundation, is a national housing intermediary and private, nonprofit concern that uses dividends from the Enterprise Development Company to fund low-income housing projects and the revitalization of central cities. Other examples of private, nonprofit groups include private universities, philanthropic organizations, community organizations, tenant organizations, church groups, and intermediary organizations such as NHS. Each NHS is a locally initiated and funded nonprofit corporation that is a partnership of business leaders, government representatives, and neighborhood residents.

In the individual project reports we reviewed, nonprofit and community-based organizations, such as the Historic Pueblo Business Center Association in Colorado or the Central Pennsylvania Community Action Agency, often played important roles. A local development finance corporation appeared to be common, whereby local businesses and financial institutions raise private capital to finance housing rehabilitation, storefront facade improvements, or downtown revitalization through a mortgage pool or revolving loan fund. Examples of local development corporations include Boston's Economic Development and Industrial Corporation and the American Indian Business Development Corporation in Minneapolis, Minnesota. A wide range of task forces, advisory committees, and municipal action councils can also provide a forum for

discussion and provide support for the public-private partnership. Generally, these informal, low-profile organizations, which are characterized by a great deal of flexibility, seem to be used at the beginning of a venture.

Lastly, quasi-public development corporations function more like private corporations than like the city agencies from which they derive their funds. They are usually not subject to city administrative requirements and can be flexible financially—reinvesting any profits, for example. On the public side, quasi-public development corporations have certain powers, such as those of eminent domain and bonding. They are often called development corporations when they are implementing a partnership project. Examples of such development corporations include the Dayton City-wide Development Corporation and the Bickerdike Redevelopment Corporation in Chicago, Illinois.

Partnerships can also vary according to purpose and duration. One type is the project-based partnership, which is not permanent, does not constitute a formal delivery system, and may not lead to another venture in the future. It is usually set up to take advantage of an experienced organization to accomplish a short-term project. An example of a project-based partnership project is the Miller Building in Cleveland, Ohio, which was initiated by the Near West Housing Corporation and completed in 2 years.

Another type of partnership is the program-based variety, which includes both the public and private sectors as participants, has access to resources, is ongoing, and tends to be more formal than project-based partnerships. Examples of this type of partnership are the Boston and Chicago Housing partnerships. The Chicago Housing Partnership is partially financed by the umbrella organization known as the Local Initiative Support Corporation (LISC). LISC is a national nonprofit corporation created by eight partners as well as a number of financial institutions to assist local nonprofits in revitalizing communities.

The examples above illustrate the range of organizational structures and participants. However, information is still needed on specific organizational types and the strengths and limitations of each. For example, program-based partnerships may be able to deliver a larger volume of services because of their permanence and access to capital. Systematic

data on the comparative effectiveness of different organizational structures would enable policymakers to enact legislation and make regulatory decisions to emphasize those structures that are most efficient and effective.

How Successful Are Partnerships in Reaching Their Goals, and How Can They Improve Their Effectiveness?

The importance of this question is self-evident, but answering it requires measurable criteria and relevant evidence. The studies we have identified have each used different criteria of success, some of which would be difficult to measure (for example, "innovativeness"). Experts have indicated that no overall framework identifying criteria and appropriate measures of success has yet been developed. Moreover, the evidence presented in descriptions of successful projects is usually based on anecdotal information rather than in-depth analyses. Hence, we are developing a framework that will specify evaluation criteria and appropriate measures applicable to partnerships.

Further, the considerable diversity of projects and their multiple characteristics are strong indicators that applying criteria that we had identified would involve complex measurement and analysis problems. Leveraging provides a good example of this complexity. Multiple layers of leveraging are often involved in partnerships.⁷ Usually, higher leveraging ratios indicate more success than do lower ones. However, they may also indicate substitution—that is, whether nonfederal investment would have been made without federal funds or whether federal programs are not substituting for other available funds.⁸ In addition, the fact that there may be many sources of funding mixed together in one project complicates this analysis. Because different sources may entail very different leveraging ratios, and because the funds from these sources are fungible, sorting out the leveraging implications of any one source would present a particularly difficult analytical challenge.

In conclusion, with regard to evidence of success, we could not locate any systematic analyses from a federal perspective of the results of public-private partnerships in the housing and community development areas. There are some evaluations of the UDAG program. These evaluations are not, however, focused on the outcomes of partnership projects

⁷See HUD, Public-Private Partnerships: Leveraging Your CDBG (Washington, D.C.: 1984).

⁸See GAO, Urban Action Grants: An Analysis of Eligibility and Selection Criteria and Program Results, GAO/RCED-89-143 (Washington, D.C.: July 1989), p. 39, and HUD, An Impact Evaluation of the UDAG Program (Washington, D.C.: January 1982), pp. 185-87.

or on which program features—such as those we have described—make for greater or lesser effectiveness.

Next Steps

Public-private partnerships are an attractive, popular approach to providing assistance in the expansion of housing stock and promoting community development; we found no fewer than 46 federal programs that supported some sort of partnership between the public and private sectors.

It appears that very little information, even of a descriptive nature, is available to guide federal oversight of partnerships and the projects they implement. As indicated earlier, we found few evaluations of the effectiveness of public-private partnerships. In order for programs to ensure accountability and efficient use of resources, a framework for gathering the necessary kinds of evaluation information is needed.

This fact sheet lays the groundwork for the development of a framework for looking at partnerships more systematically. From the descriptions of local partnership projects, we have begun to identify appropriate evaluative criteria, taking into account the complexity of partnerships and analyzing not only what makes an ongoing partnership a success but also what specific outcomes result. Our next step after completing the evaluation framework will be to obtain original data—within the limitations of what is currently available—and complete the analyses needed for reviews of public-private partnerships that will answer the following question: How effective are different types of partnerships in achieving various purposes?

Federal Programs That Support Public-Private Partnerships

Table I.1: Purposes of Federal Programs Supporting Housing and Community Development Partnership Projects

Program	Housing		
	Rehabilitation	Construction	Rental assistance
Agriculture			
Industrial development grants			
Intermediary relending program			
Rural housing preservation grants	—		
Rural rental housing loans	—	—	
Appalachian Regional Commission			
Appalachian housing assistance	—	—	
Appalachian state research... and demonstration projects			
Commerce			
Economic development/technical assistance			
Grants for public works and development facilities			
Special economic development and adjustment assistance program			
Defense			
Community economic adjustment			
Housing demonstration program	—		
Energy			
Weatherization assistance for low-income people			
Federal Emergency Management Agency			
Emergency food and shelter program			
Federal Home Loan Bank			
Community investment program			
Federal Reserve Board			
Community affairs program			
HHS			
CSBG discretionary awards	—		
HUD			
CDBG entitlement grants			
CDBG secretary's discretionary fund/special projects			
CDBG small cities program			
CDBG states program			
CDBG Indian community development			
Emergency shelter grants program			
Housing development grants	—	—	
Housing for the elderly or handicapped (section 202)	—	—	
Interest reduction payments/rental and cooperative housing for lower income families (section 236)			—
Joint venture for affordable housing		—	

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Federal Programs That Support Public-
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Program	Housing		
	Rehabilitation	Construction	Rental assistance
Lower income housing assistance program (section 8)			—
Mortgage insurance/rental and cooperative housing for moderate income families	—	—	
Neighborhood development demonstration program			
Rehabilitation mortgage insurance (section 203(K))	—		
Rental housing rehabilitation program	—		—
Section 108 loan guarantee program			
Section 312 rehabilitation loans	—		
Supportive housing demonstration program			
UDAG			
Interior			
National Register of Historic Places			
Pennsylvania Avenue Development Corporation			
Small Business Administration			
State and local development company loans (501 and 502 loans)			
Certified development company loans (503 and 504 loans)			
Small business loans (7(A) loans)			
Tennessee Valley Authority			
Tennessee Valley region/economic development			
Transportation			
Federal-aid highway program			
Capital improvement grants program			
Treasury			
Bank community development corporation program			
Investment tax credit for rehabilitation of historic structures	—		
Low-income housing tax credit	—	—	

[illegible]

Source: The 1988 edition of CFDA and interviews with agency officials.

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Federal Programs That Support Public-
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Table I.2: Types of Federal Support for Housing and Community Development Partnership Projects

Program	Project grant	Formula grant
Agriculture		
Industrial development grants	—	
Intermediary relending program		
Rural housing preservation grants	—	
Rural rental housing loans		
Appalachian Regional Commission		
Appalachian housing assistance	—	
Appalachian state research... and demonstration projects	—	
Commerce		
Economic development/technical assistance	—	
Grants for public works and development facilities	—	
Special economic development and adjustment assistance program	—	
Defense		
Community economic adjustment		
Housing demonstration program	—	
Energy		
Weatherization assistance for low-income people		—
Federal Emergency Management Agency		
Emergency food and shelter program		—
Federal Home Loan Bank		
Community investment program		
Federal Reserve Board		
Community affairs program		
HHS		
CSBG discretionary awards		

[illegible]

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Program	Project grant	Formula grant
HUD		
CDBG entitlement grants		—
CDBG secretary's discretionary fund/special projects	—	
CDBG small cities program		—
CDBG states program		—
CDBG Indian community development		—
Emergency shelter grants program		—
Housing development grants	—	
Housing for the elderly or handicapped (section 202)		
Interest reduction payments/rental and cooperative housing for lower income families (section 236)		
Joint venture for affordable housing		
Lower income housing assistance program (section 8)		
Mortgage insurance/rental and cooperative housing for moderate income families		
Neighborhood development demonstration program	—	
Rehabilitation mortgage insurance (section 203(K))		
Rental housing rehabilitation program		—
Section 108 loan guarantee program		
Section 312 rehabilitation loans		
Supportive housing demonstration program	—	
UDAG	—	
Interior		
National Register of Historic Places		
Pennsylvania Avenue Development Corporation		
Small Business Administration		
State and local development company loans (501 and 502 loans)		
Certified development company loans (503 and 504 loans)		
Small business loans (7(A) loans)		
Tennessee Valley Authority		
Tennessee Valley region/economic development		
Transportation		
Federal-aid highway program	—	—
Capital improvement grants program	—	
Treasury		
Bank community development corporation program		
Investment tax credit for rehabilitation of historic structures		
Low-income housing tax credit		

[illegible]

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Federal Programs That Support Public-
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Table I.3: Mediating Agents Used in Federal Programs Supporting Housing and Community Development Partnership Projects

	State/local government	Tribal government	Nonprofit organization
Agriculture			
Industrial development grants	—	—	
Intermediary relending program	—	—	—
Rural housing preservation grants	—	—	—
Rural rental housing loans	—		—
Appalachian Regional Commission			
Appalachian housing assistance	—	—	
Appalachian state research... and demonstration projects	—		
Commerce			
Economic development/technical assistance	—	—	—
Grants for public works and development facilities	—		—
Special economic development and adjustment assistance program	—	—	—
Defense			
Community economic adjustment	—		
Housing demonstration program			
Energy			
Weatherization assistance for low-income people	—	—	
Federal Emergency Management Agency			
Emergency food and shelter program			—
Federal Home Loan Bank			
Community investment program			
Federal Reserve Board			
Community affairs program			
HHS			
CSBG discretionary awards	—		—

[illegible]

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	State/local government	Tribal government	Nonprofit organization
HUD			
CDBG entitlement grants	—		
CDBG secretary's discretionary fund/special projects	—		
CDBG small cities program	—	—	
CDBG states program	—		
CDBG Indian community development		—	
Emergency shelter grants program	—		
Housing development grants	—		
Housing for the elderly or handicapped (section 202)			—
Interest reduction payments/rental and cooperative housing for lower income families (section 236)			—
Joint venture for affordable housing	—		
Lower income housing assistance program (section 8)	—		
Mortgage insurance/rental and cooperative housing for moderate income families			—
Neighborhood development demonstration program	—		
Rehabilitation mortgage insurance (section 203(K))			
Rental housing rehabilitation program	—		
Section 108 loan guarantee program	—		
Section 312 rehabilitation loans			
Supportive housing demonstration program	—	—	—
UDAG	—		
Interior, National Register of Historic Places	—		
Pennsylvania Avenue Development Corporation			
Small Business Administration			
State and local development company loans (501 and 502 loans)			
Certified development company loans (503 and 504 loans)			—
Small business loans (7(A) loans)			
Tennessee Valley Authority			
Tennessee Valley region/economic development	—		
Transportation			
Federal-aid highway program	—		
Capital improvement grants program	—		
Treasury			
Bank community development corporation program			
Investment tax credit for rehabilitation of historic structures			
Low-income housing tax credit	—		

[illegible]**GAO/PEMD-89-25FS Federal Support for Partnership Projects**

Appendix I
Federal Programs That Support Public-Private Partnerships

Table I.4: Target-Population Units for Federal Programs Supporting Partnership Projects in Housing and Community Development

	Individual/ family	Community	Region	Tribe	Property owner/ developer	Small business	General public
Agriculture							
Industrial development grants		—					
Intermediary relending program		—					
Rural housing preservation grants	—						
Rural rental housing loans	—						
Appalachian Regional Commission							
Appalachian housing assistance	—		—				
Appalachian state research... and demonstration projects			—				
Commerce							
Economic development/technical assistance		—					
Grants for public works and development facilities	—						
Special economic development and adjustment assistance program		—					
Defense							
Community economic adjustment		—					
Housing demonstration program	—						
Energy							
Weatherization assistance for low-income people	—						
Federal Emergency Management Agency							
Emergency food and shelter program	—						
Federal Home Loan Bank							
Community investment program		—					
Federal Reserve Board							
Community affairs program		—					
HHS							
CSBG discretionary awards	—						

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	Individual/ family	Community	Region	Tribe	Property owner/ developer	Small business	General public
HUD							
CDBG entitlement grants	—	—					
CDBG secretary's discretionary fund/special projects		—					
CDBG small cities program	—	—					
CDBG states program	—	—					
CDBG Indian community development				—			
Emergency shelter grants program	—						
Housing development grants	—				—		
Housing for the elderly or handicapped (section 202)	—						
Interest reduction payments/ rental and cooperative housing for lower income families (section 236)	—						
Joint venture for affordable housing	—						
Lower income housing assistance program (section 8)	—						
Mortgage insurance/rental and cooperative housing for moderate income families	—						
Neighborhood development demonstration program		—					
Rehabilitation mortgage insurance (section 203(K))	—						
Rental housing rehabilitation program	—						
Section 108 loan guarantee program		—					
Section 312 rehabilitation loans		—			—		
Supportive housing demonstration program	—						
UDAG		—		—			
Interior							
National Register of Historic Places					—		
Pennsylvania Avenue Development Corporation		—					

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	Individual/ family	Community	Region	Tribe	Property owner/ developer	Small business	General public
Small Business Administration							
State and local development company loans (501 and 502 loans)						—	
Certified development company loans (503 and 504 loans)						—	
Small business loans (7(A) loans)						—	
Tennessee Valley Authority							
Tennessee Valley region/ economic development			—				
Transportation							
Federal-aid highway program							—
Capital improvement grants program							—
Treasury							
Bank community development corporation program		—				—	
Investment tax credit for rehabilitation of historic structures					—		
Low-income housing tax credit	—						

Source: The 1988 edition of CDFA and interviews with agency officials.

Table I.5: Target-Population Characteristics for Federal Programs Supporting Partnership Projects in Housing and Community Development

	Moderate income	Low income	Very low income	Homeless	Elderly or handicapped	Unemployed	Military
Agriculture							
Industrial development grants							
Intermediary relending program							
Rural housing preservation grants		—		—			
Rural rental housing loans	—	—			—		
Appalachian Regional Commission							
Appalachian housing assistance	—	—					
Appalachian state research... and demonstration projects							

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	Moderate income	Low income	Very low income	Homeless	Elderly or handicapped	Unemployed	Military
Commerce							
Economic development/ technical assistance							
Grants for public works and development facilities		—				—	
Special economic development and adjustment assistance program							
Defense							
Community economic adjustment							
Housing demonstration program		—					—
Energy							
Weatherization assistance for low-income people		—			—		
Federal Emergency Management Agency							
Emergency food and shelter program				—			
Federal Home Loan Bank							
Community investment program							
Federal Reserve Board							
Community affairs program	—	—					
HHS							
CSBG discretionary awards		—					

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Federal Programs That Support Public-
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	Moderate income	Low income	Very low income	Homeless	Elderly or handicapped	Unemployed	Military
HUD							
CDBG entitlement grants	—	—					
CDBG secretary's discretionary fund/special projects							
CDBG small cities program	—	—					
CDBG states program	—	—					
CDBG Indian community development							
Emergency shelter grants program				—			
Housing development grants							
Housing for the elderly or handicapped (section 202)					—		
Interest reduction payments/ rental and cooperative housing for lower income families (section 236)	—	—					
Joint venture for affordable housing							
Lower income housing assistance program (section 8)		—		—			
Mortgage insurance/rental and cooperative housing for moderate income families	—						
Neighborhood development demonstration program							
Rehabilitation mortgage insurance (section 203(K))							
Rental housing rehabilitation program		—					
Section 108 loan guarantee program	—	—					
Section 312 rehabilitation loans							
Supportive housing demonstration program				—			
UDAG							
Interior							
National Register of Historic Places							
Pennsylvania Avenue Development Corporation							

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Federal Programs That Support Public-
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	Moderate income	Low income	Very low income	Homeless	Elderly or handicapped	Unemployed	Military
Small Business Administration							
State and local development company loans (501 and 502 loans)							
Certified development company loans (503 and 504 loans)							
Small business loans (7(A) loans)							
Tennessee Valley Authority							
Tennessee Valley region/ economic development							
Transportation							
Federal-aid highway program							
Capital improvement grants program							
Treasury							
Bank community development corporation program	—	—					
Investment tax credit for rehabilitation of historic structures							
Low-income housing tax credit		—					

Source: The 1988 edition of CFDA and interviews with agency officials.

Methodology

Methodologically, we had two tasks. The first was to obtain as comprehensive an enumeration as possible of current federal programs that support local housing and community development partnership projects. The second task was to describe general characteristics of the federal programs and local partnership projects.

Identifying Federal Programs That Support Public-Private Partnership Projects

We were unable to locate a master list of federal programs that support public-private partnership projects, in part because most housing and community development programs do not require that local projects be implemented through partnership arrangements. To develop our list of federal programs that support partnerships in housing and community development, we gathered data at both the federal program and local project levels.

At the federal program level, our primary source was the 1988 edition of the Catalog of Federal Domestic Assistance. CFDA is a "government-wide compendium of federal programs, projects, services and activities which provide assistance and benefits." It contains information, both financial and nonfinancial, about programs administered by departments and agencies of the federal government. The 1988 catalog lists 1,088 assistance programs in 51 federal agencies.

Using CFDA, we compiled a list of current housing, community development, economic development, and regional development programs. From this list, we excluded those programs that seemed to have no connection with the private sector. We then interviewed federal agency officials to determine which programs had supported local partnership projects.

At the local project level, we assembled descriptions of over 200 partnership projects and reviewed them for mention of federal programs. To identify local partnership projects, we used two sources from the HUD Office of Community Planning and Development's national recognition program for community development partnerships. First, we reviewed the published descriptions of local partnership projects that used CDBG funds and received recognition awards. The awards were based on the total amount of private funds leveraged, job creation and retention, economic benefits, local innovation, spin-off development, minimizing use of federal funds, and relevance for other communities. Second, we used a HUD Office of Community Planning and Development publication that describes how states, local governments, and private partners utilize community development programs to revitalize communities and neighborhoods.

A third source of information on local partnership projects was the Community Information Exchange, a computerized data base containing information on neighborhood revitalization, community partnerships, and community economic development and housing projects. Its five components are comprised of descriptions of model community development projects, a listing of neighborhood funding sources and financing, a national directory of technical assistance providers, a bibliography of economic development publications, and examples of computer applications to community development.

Cross-checking the agency interviews and local project descriptions allowed us to achieve a more complete inventory of federal programs that support public-private partnerships. For example, without cross-checking, we would have dropped the Department of Defense's Community Economic Adjustment program from the list because the CFDA description did not imply any connection with the private sector. However, because we found (through cross-checking) an example of the Community Economic Adjustment program's participation in a public-private partnership project, we retained the program in our inventory.

Current programs not identified in CFDA, but described either in agency interviews or in project descriptions, were added to the list. For example, HUD's section 108 loan guarantee program was not listed in CFDA because it was proposed for termination. However, it has been used in local partnership projects, was confirmed as an ongoing program, and therefore was added to the inventory.

The resulting inventory of federal programs that support public-private partnerships in housing and community development is not exhaustive. For example, it does not include programs that have supported partnerships but are no longer in operation, such as HUD's section 235 subsidy program. The inventory also does not include promotional activities by federal agencies. For instance, HUD's Office of Community Planning and Development encourages cooperation between the public and private sectors in community development ventures through the development and dissemination of resources related to partnerships. But, neither these promotional activities nor HUD's national recognition program for community development excellence is included in the inventory, because they do not directly support local partnership projects.

Describing Public-Private Partnerships and the Federal Programs That Support Them

To describe the federal programs that support public-private partnerships, we used the information provided in CFDA wherever possible. For programs that are not listed in CFDA, data were obtained from agency officials.

To describe local public-private partnerships, we reviewed detailed descriptions of model projects from the Community Information Exchange and other sources, and we selected several projects that seemed to represent the diversity of partnerships. Complete descriptive data on these projects were not available, but the descriptions did help identify important dimensions within which partnerships vary. Finally, we conducted an extensive literature review, which provided some information relevant to the dimensions that we identified.

Appropriations and Obligations of Federal Programs Supporting Partnerships in Housing and Community Development, Fiscal Year 1988

Program	Appropriation ^a	Obligation ^a
Agriculture		
Industrial development grants	\$6,500	\$6,500
Intermediary relending program	7,500	13,990
Rural housing preservation grants	19,140	19,140
Rural rental housing loans	554,936	554,936
Appalachian Regional Commission^b		
Appalachian area development (includes housing assistance)	25,800	24,700
Appalachian local development (includes state research)	2,000	1,500
Commerce		
Economic development/technical assistance	6,706	6,773
Grants for public works and development facilities	128,460	137,628
Special economic development and adjustment assistance	24,657	24,673
Defense		
Community economic adjustment	968	968
Housing demonstration program	1,000	1,000
Energy		
Weatherization assistance for low-income people	161,357	157,891
Federal Emergency Management Agency		
Emergency food and shelter	114,000	114,000
Federal Reserve Board		
Community affairs program ^c		
Federal Home Loan Bank Community investment program^d		
Health and Human Services		
CSBG discretionary awards	32,360	34,466

(continued)

Appendix III
Appropriations and Obligations of Federal
Programs Supporting Partnerships in Housing
and Community Development, Fiscal
Year 1988

Program	Appropriation^a	Obligation^a
HUD		
CDBG entitlement grants	1,972,600	1,924,847
CDBG secretary's discretionary fund/special projects	14,876	6,202
CDBG small cities	36,860	36,860
CDBG states	808,540	785,159
CDBG Indian community development	25,500	25,371
Emergency shelter grants	8,000	57,700
Housing development grants	16,910	17,538
Housing for the elderly or handicapped (section 202)	573,261	354,228
Interest reduction payments/rental and cooperative housing for lower income families (section 236) ^e	0	0
Joint venture for affordable housing ^f		
Lower income housing assistance (section 8)	1,344,825	1,349,564
Mortgage insurance rental and cooperative housing for moderate income families(221(d)(3)) ^g		8,463
Neighborhood development demonstration	1,000	1,000
Rehabilitation mortgage insurance (section 203(k)) ^g		23,544
Rental housing rehabilitation	200,000	206,266
Section 108 loan guarantee	144,000	143,578
Section 312 rehabilitation loans ^h	0	101,926
Supportive housing demonstration	64,250	116,010
UDAG	216,000	401,870
Interior		
National Register of Historic Places	2,956	2,478
Pennsylvania Avenue Development Corporation	3,000	4,542
Small Business Administrationⁱ		
State and local development company loans (501 and 502 loans)		39,096
Certified development company loans (503 and 504 loans)		293,104
Small business loans	2,421,000	2,419,700
Tennessee Valley Authority		
Economic development	12,871	14,042
Transportation		
Federal-aid highway program	13,706,319	13,101,862
Capital improvement grants ^j	1,100,000	1,150,000

(continued)

**Appendix III
Appropriations and Obligations of Federal
Programs Supporting Partnerships in Housing
and Community Development, Fiscal
Year 1988**

Program	Appropriation^a	Obligation^a
Treasury		
Bank community development corporation program ^m		
Investment tax credit for rehabilitation of historic structures ⁿ		
Low-income housing tax credit ^o		

^aIn the case of mortgage insurance programs, obligation equals the value of the insurance written. Entries are in thousands of dollars.

^bThe Appalachian Regional Commission receives an overall appropriation, which it in turn allocates to four different program areas: highways, area development, distressed counties, and local development. The housing assistance program is subsumed under area development. The state research program is subsumed under local development.

^cThe community affairs program does not receive any federal appropriations.

^dThe community investment program is discretionary at the district bank level. There are no federal appropriations or obligations.

^eIn fiscal year 1988, there were no new appropriations for section 236, and no new obligations were undertaken. However, existing obligations were maintained.

^fThere are no appropriations for joint venture for affordable housing. The program's only commitments are staff resources, which are absorbed into the costs of other programs.

^gFor the section 236, 203(k), and 221(d)(3) programs, there is no appropriation. Instead, an overall commitment limit is set for all title I programs. In fiscal year 1988, this overall limit was \$96 billion.

^hSection 312 rehabilitation loans did not receive any appropriation in fiscal year 1988 but continued to operate on loan repayments and carryover obligations.

ⁱThe appropriation for the 501, 502, 503, and 504 loan programs are not broken down by program at the national level. Regional offices allocate the funds to the different programs. The total appropriation for the 501, 502, 503, and 504 loans in fiscal year 1988 was \$450 million.

^jThe funds made available for this program are not appropriated but rather derive from a gasoline tax.

^kThe bank community development corporation program is funded at the local level by the banks that participate. Since the federal role is regulatory, there are no federal appropriations or obligations under this program.

^lThe Congressional Budget Office estimated \$200 million in tax expenditures in fiscal year 1989 for this tax credit.

^mThe Congressional Budget Office estimated \$400 million in fiscal year 1989 tax expenditures for the low-income housing tax credit.

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